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FEDERAL RESERVE SYSTEM

Docket No. 1530 RIN 7100 AE 44

Regulation Q; Regulatory Capital Rules: Risk-based Capital Surcharges for Global Systemically Important Bank Holding Companies

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Notice.

SUMMARY: The Board of Governors of the Federal Reserve System (Board) is providing this notice pursuant to the Board's rule regarding risk-based capital surcharges for global systemically important bank holding companies (GSIB surcharge rule). The GSIB surcharge rule provides that the Board will publish each year the aggregate global indicator amounts for purposes of a calculation required under the rule. Accordingly, and pursuant to the GSIB surcharge rule, the Board is hereby publishing the aggregate global indicator amounts for 2015.

DATES: Effective: [Insert date of Federal Register publication].

FOR FURTHER INFORMATION CONTACT: Anna Lee Hewko, Deputy Associate Director, (202) 530-6260, Constance M. Horsley, Assistant Director, (202) 452-5239, Juan C. Climent, Manager, (202) 872-7526, or Holly Kirkpatrick, Supervisory Financial Analyst, (202) 452-2796, Division of Banking Supervision and Regulation; or Benjamin McDonough, Special Counsel, (202) 452-2036, or Mark Buresh, Senior Attorney, (202) 452-5270, Legal Division. Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, DC 20551. For the hearing impaired only, Telecommunications Device for the Deaf (TDD) users may contact (202) 263-4869.

SUPPLEMENTARY INFORMATION: The Board’s GSIB surcharge rule establishes a methodology to identify global systemically important bank holding companies in the United States (GSIBs) based on indicators that are correlated with systemic importance.¹ Under the GSIB surcharge rule, a firm must calculate its GSIB score using a specific formula (Method 1). Method 1 uses five equally-weighted categories that are correlated with systemic importance – size, interconnectedness, cross-jurisdictional activity, substitutability, and complexity – and subdivided into twelve systemic indicators. For each indicator, a firm divides its own measure of each systemic indicator by an aggregate global indicator amount. The firm’s Method 1 score is the sum of its weighted systemic indicator scores. The GSIB surcharge for the firm is then the higher of the GSIB surcharge determined under Method 1 and a second method that weights size, interconnectedness, cross-jurisdictional activity, complexity, and reliance on wholesale funding (instead of substitutability).²

The aggregate global indicator amounts used in the score calculation under Method 1 are based on data collected by the Basel Committee on Banking Supervision (BCBS). The BCBS amounts are determined based on the sum of the systemic indicator scores of the 75 largest U.S. and foreign banking organizations as measured by the BCBS, and any other banking organization that the BCBS includes in its sample total for that year. The BCBS publicly releases these values in euros each year. To account for changes in currency values, the GSIB

¹ See 12 CFR 217.402, 217.404.

² The second method (Method 2) uses similar inputs to those used in Method 1, but replaces the substitutability category with a measure of a firm’s use of short-term wholesale funding. In addition, Method 2 is calibrated differently from Method 1.

surcharge rule indicates that the Board will publish the aggregate global indicator amounts each year in U.S. dollars.³

The aggregate global indicator amounts for purposes of the Method 1 score calculation under the GSIB surcharge rule for 2015, which were calculated as part of the end-2014 GSIB assessment, are:

Aggregate Global Indicator Amounts in U.S. dollars (USD) for 2015

Category	Systemic Indicator	Aggregate Global Indicator Amount in USD (end-2014 assessment)
Size	Total exposures	89,657,702,623,292
Interconnectedness	Intra-financial system assets	9,553,265,287,432
	Intra-financial system liabilities	10,766,503,932,080
	Securities outstanding	14,829,559,920,658
Substitutability/financial institution infrastructure	Payments activity	2,588,833,244,898,340
	Assets under custody	141,055,159,810,929
	Underwritten transactions in debt and equity markets	6,457,421,866,621
Complexity	Notional amount of over-the-counter (OTC) derivatives	773,613,780,418,221
	Trading and available-for-sale (AFS) securities	3,983,442,843,602
	Level 3 assets	799,000,645,785
Cross-jurisdictional activity	Cross-jurisdictional claims	20,924,671,362,004
	Cross-jurisdictional liabilities	19,029,188,523,805

Authority: 12 U.S.C. 248(a), 321-338a, 481-486, 1462a, 1467a, 1818, 1828, 1831n, 1831o, 1831p-l, 1831w, 1835, 1844(b), 1851, 3904, 3906-3909, 4808, 5365, 5368, 5371.

By order of the Board of Governors of the Federal Reserve System, January 11, 2016.

³ 12 CFR 217.404(b)(1)(i)(B); 80 FR 49082, 49086-87 (August 14, 2015).

Robert deV. Frierson,
Secretary of the Board.

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